CONSUMER FINANCE NEWS

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WINTER LANDSCAPE

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IN THIS ISSUE:

On the Cover

"And this our life exempt from public haunt,
Finds tongues in trees, books in the running brook,
Sermons in stones, and good in everything."

—SHAKESPEARE.

Every Seventh Family

Received by the Pennsylvania Consumer Finance Association—"In reply to your letter concerning a report on the sound film *Every Seventh Family*, I wish to make the following statement:

"The picture was shown to groups of 9th, 10th, 11th and 12th grade Home Economics girls. It was exceptionally well received, by that I mean they enjoyed it, gained much valuable information from it, and it started them thinking about the fact of borrowing. This movie I would recommend be shown to other groups of students, to P.-T.A. groups or other adult associations. The material is concise, well arranged and interestingly presented."

(Signed) (Mrs.) ETHEL M. P. ——

Use this sticker on your mailings:

NCFA

"Realizing that our country now is undergoing a far-reaching adjustment, the Board of Directors of the National Consumer Finance Association hold the chief concern of business, and all citizens, must be to achieve a substantial reduction in government expenditures. With a probable decline in Federal revenues, the terrific waste and extravagance of Government are cause for serious alarm. Therefore, we call upon all members of our industry to insist upon a policy of rigid economy in Government." *NCFA Board Resolution—Sept. 27, 1949*

Available at $2.50 per M in quantity orders from:

NATIONAL CONSUMER FINANCE ASSN.,
315 Bowen Bldg.,
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36th National Convention

National Consumer Finance Association

Edgewater Beach Hotel • Chicago

September 21-22-23, 1950

At the Turn of the Year

The half-way point in the Twentieth Century is a good place to pause for an appraising look over the first fifty years and to fix our position in the finance field and in the social and economic structure of the Nation.

It has been a momentous half century—one that has brought the people of this Nation to the highest peak in history, in population, in income, in purchasing power, and in so many of those economic factors which together make up the standard of living. Not the least of these is the catalytic influence of adequately available consumer credit for the masses in a mass economy.

During two-thirds of that period, this National Association has been actively working for the improvement of consumer finance service to the American family. Some of the founding fathers are still with us after 35 years of continuous leadership. Through the years there has been the fortunate addition of young minds who join in the belief that the interests of the public, of employees and of management can be served best by the voluntary promotion of the highest ethical standards of service. The record of these combined forces has been a proud one.

Fifty years ago "loan sharkery" was a national disgrace. Prohibitory usury laws and relief in the bankruptcy court had proved to be no solution to a pressing national problem. From 1900 to 1910 there was a period of utter futility in credit relief for the average householder. In the teens, the Russell Sage Foundation studies unfolded the framework of a solution predicated upon the basic conclusion that the need among low income groups for credit service was real and not imaginary; was unavoidable need for relief and not a deliberate disregard of the basic principles of thrift. For the first time the idea of solving the problem by creating a regulated credit service institution was implemented by a recognized welfare organization of unquestioned motive and integrity. The first draft of the Uniform Small Loan Law was promulgated and the battle for adoption in the states was on.

For the Sage Foundation it was a Thirty Years' War. Joined as allies from the beginning were those far-sighted leaders of the industry who believed in the objectives of the campaign and were willing to risk their capital and their business reputations in setting up in this land the then untried experiment of providing consumer loans to needy borrowers at fair rates under regulation and supervision. Pioneering was and always is a rugged game. The battle for recognition of the regulated consumer finance business has been no exception, but as we enter 1950 we can note real progress in many areas.

Starting from scratch 35 years ago, the Uniform Small Loan Law has now become effective in more than thirty states. These states include the principal industrial areas. Probably 80% of the population now has regulated loan service available to them.

The 1949 Roster of Consumer Finance Companies lists 5974 licensed consumer finance offices in operation as of July 1, 1949, the largest number in the history of the business.

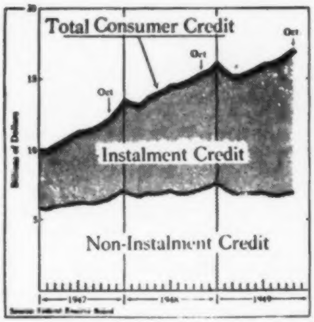
In volume of loans made, 1949 established a new rec-

(Continued on Page 16)

Food for Thought

Culled from Here and There

Consumer Credit



Consumer debt continued to mount in October. At the end of the month it totaled $17,187 million. This was a gain of $1,669 million from a year earlier. Instalment credit was up $1,938 million from the year-earlier level; non-instalment was $269 million below the October 31, 1948, total.

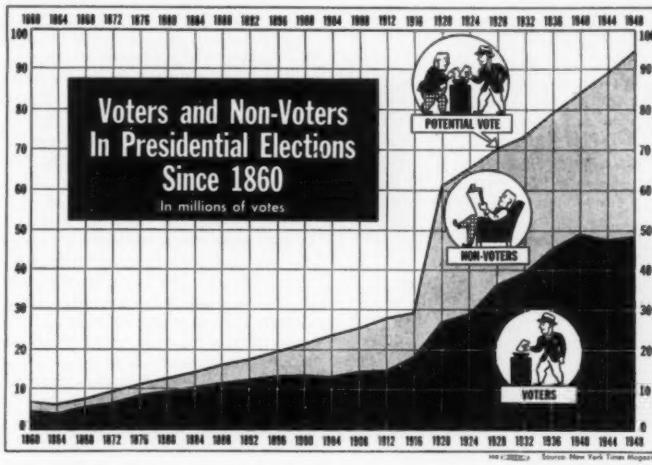
—*Wall Street Journal.*

Statistics are revealing. The Census Bureau estimates that there are 94,641,000 qualified voters in the United States, and that while 49,363,798 voted in the recent election, only 48,680,416 marked ballots for presidential candidates. Estimates from various sources differ widely but let us consider the more conservative figures reported in the pamphlet, "Election Statistics," issued by the Government Printing Office. Accept a basic total of 90,000,000 qualified voters. Mr. Truman received 24,105,695 votes as against 21,969,170 for Mr. Dewey. Add the scattering votes for other candidates, and the total is 48,883,680. Deduct that number from the 90,000,000 and it means that, in November, 1948, the amazing total of 41,116,320 qualified voters were not interested enough to vote for a President of the United States.

Why? Make all possible allowances—age, infirmity, absence, unfavorable weather—and the figure remains tragic. It justifies what we have said—that the voter who does not vote is the greatest menace to the American Democracy. With such an appalling record of voter apathy, it is obvious that while we may have a government *of* the people and *for* the people, it is not a government *by* the people.

The serious issues which confront the Nation demand a genuine mandate from the people. The danger is that organized pressure groups, representing their own interests, may dominate elections and tend to influence legislation unless the millions of silent voters speak in no uncertain tones. —*Masonic Tidings.*

"In my opinion, the managers of American business have done an amazing job in promoting the general welfare, increasing the wealth of the country, and raising the standard of living for all our people. . . . With the diffusion of corporate ownership among thousands of stockholders, ownership and management of large corporations drifted into different hands. There has emerged a group of salaried experts, the managers. These men who run these companies are not the capitalists but men of moderate means."—*Charles Sawyer, Secretary of Commerce.*



MEETING SCHEDULE

COLORADO

Broadmoor Hotel, Colorado Springs, March 31 and April 1, 1950

FLORIDA

Jacksonville, March 9-10, 1950

ILLINOIS

Hotel Emmerson, Mt. Vernon, January 18, 1950

Orlando Hotel, Decatur, April 26-27, 1950

La Salle Hotel, Chicago, October 24-25, 1950

IOWA

Hotel Russell-Lamson, Waterloo, May 11-12, 1950

KENTUCKY

Paducah, May 16-17, 1950

LOUISIANA

February 4, 1950

MICHIGAN

Belvedere Hotel, Charlevoix, June 29-30, 1950

Statler Hotel, Detroit, October 24-26, 1950

PENNSYLVANIA

Roosevelt Hotel, Pittsburgh, February 15, 1950

Reading, May 10, 1950

September 13, 1950

Philadelphia, November 10, 1950

NEW YORK

New York City, April 18-19, 1950

Similarities and Differences in Personal Loan and Discount Operations

By E. F. WONDERLIC

Mr. Wonderlic is vice president of the General Finance Corporation, Chicago. This address was presented at the 16th annual convention of the American Finance Conference.

Many finance companies are diversifying their investments by employing their funds in direct personal loans, as well as time sales financing. The most common method of making loans on a personal basis is as a licensed lender under the state small loan laws. This interest in small loans by the discount finance companies suggests the desirability of an analysis of the similarities and differences between these two methods of consumer financing.

Even to the casual observer it can be seen that we have here two distinctly different methods—two distinctly different businesses. Each has its own special practices, procedures, and controls. The more thorough the study, the more opposite and the more individual these differences become.

Before outlining operating ratios and methods in the small loan business, it is necessary to point out these major differences to the discount operator.

Acquisition Methods

At the outset, the acquisition methods of the two businesses put each business in its separate pathway. Sales financing volume comes from the dealers' sales, usually an account at a time, but nevertheless in semi-bulk business characteristics. Each retail deal is a new account bringing to the finance company a name and address of a purchaser who very often has neither seen nor heard of this finance company.

The small loan business obtains its volume on a direct appeal to the retail consumer. It is a business of obtaining customers one at a time, and it is a business where customers are also lost one at a time. New customers normally account for 25% of the loans made; former borrowers, people who formerly borrowed and are returning for another loan, account for another 25% of the loans made; and present borrowers requiring additional cash, as add-on cash requirements to their present loans, account for the remaining 50% of loans made in a typical established loan office. Acquisition problems in the loan business become one of continuous service to thousands of retail customers rather than concentrated service and sales effort to ten or twenty automobile dealers.

Acquisition Cost Ratios

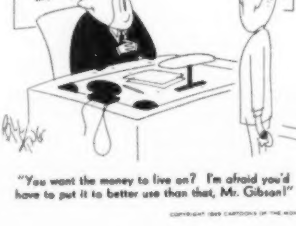
The discount company usually feels that it can afford to pay approximately $8 per contract as acquisition costs. In checking through state reports on loan operating costs, I have concluded that the average small loan company spends approximately 2% annually to its outstandings as advertising costs to maintain its outstandings. If it is growing it will spend from 2½% to 3% of its outstandings for its acquisition costs in such media as radio, television, newspapers, direct mail, streetcar cards, and other direct to public medias.

Rate Characteristics

The method for determining rate of charge in the two plans is diametrically opposite and cause considerable confusion in making comparisons. The sales finance methods are invariably set up on a discount plan within which the finance charge and other costs such as insurance are added to the principal amount repaid by the customer.

Small loans most generally are interest-bearing loans wherein the interest costs are calculated on a daily basis with detailed formulas and rate charts, under state supervision. There are no extras such as late fees, fines, etc., except those that are at the same per day rate as expressed in the monthly interest charge.

These rate characteristics make it impossible to compare principal yields on outstandings. The cash invested in the discount paper is the combination of the purchase credit item, insurance costs, and other costs in addition to the actual cash advanced. On the discount account minor modifications in the repayment schedule are not adjusted. A few days early or a few days late in making the payment does not call for an adjustment in charges.



"You want the money to live on? I'm afraid you'd have to put it to better use than that, Mr. Gibson!"

In contrast, the flat, even monthly payments common in the loan business are at best an estimated figure which may exactly pay out the loan but almost never actually do since, if the loan is not repaid by every payment's being credited exactly on the due date every month in the history of the contract, interest charges are either greater or less, adjusting the cost exactly to the number of days between payments. In fact, only the customer controls the total income since he may repay the loan on any day and be charged only the interest costs for the actual number of days he uses the funds. For example, a $300 loan in Illinois advanced today and paid back tomorrow will give the lender exactly 25 cents income, and that is absolutely all the income that can be obtained regardless of acquisition costs and initial bookkeeping costs!

This difference in setting up charges results in considerable variation in accounting and bookkeeping methods, measures of delinquency, and controlling cost ratios. Principal reductions on loans are applied only after all interest charges are collected; thus delinquency on a principal payment basis is a very difficult figure to obtain, and once obtained it would be difficult to understand its value in actual operation. For example, on a $300 loan on a 20-month schedule the first payment of $19.67 made exactly 30 days from the date of the contract would result in $7.50 to interest charges and only $12.17 in principal reduction. In contrast, the final payment on the loan would result in $19.19 principal reduction and in $.58 interest charges. Consequently in operating a loan business, of necessity, operating ratios differ from those of the discount business.

Delinquency Ratios

Delinquency measures in the loan business are related to outstandings as far as percentage is concerned. Delinquency itself is measured in the terms of recency of any payment made by the customer rather than payment of any scheduled amount as it would be with a sales contract.

Volume

Volume ratios are of minor importance as a statistical concept in the loan business. Total receivables outstanding determine interest income and is the ordinary base used for making comparisons of expense ratios as well as loss ratios.

Principal Operating Expense Ratios

Some of the principal operating ratios that we have developed as standards, which incidentally are developed from a study of the state reports, are as follows: Branch office salaries in an established office should be approximately .45% to outstandings for any given month. Other expense ratios are listed below:

Auto expense	.025%
Telephone Expense	.03
Rent	.09

Profit Ratios

The total of all expenses is 1.75% with an average gross income percentage of 2.5% and budget expense at 1.75%; by subtraction, budgeted net income for an established branch office would be .75% of outstandings per month.

Loss Ratio

Loss ratios in the loan business vary from a low of approximately .75% per average outstandings per year to 3% per year for normal years in which there is not a major depression. Losses in depression periods sometimes run as high as from 5% to 8% to outstandings.

Loss Reserves

Loss reserves are, therefore, built up in proportion to the average outstandings, the general practice of the industry being to maintain a loss ratio equivalent to 2½ to 3 times the average loss over the past several years. In practice loan companies maintain loss reserves that vary from 2½% to as high as 5% and 6% of outstandings.

Liquidation

Liquidation ratios in the loan business are not the same terms and formula as used in the discount business. Liquidation in the discount business is the sum of the monthly payments made by customers, whereas in the loan business, liquidation is a term not commonly used but when used could mean several things. The most favorable definition of liquidation would seem to me to be total funds paid by the customer including both that amount applied to interest and principal reduction.

Cash Principal Collected vs Full Payment as Liquidation

In normal times principal reductions in a loan company would approximate 8½% to 9% cash collections to outstandings per month. To this would have to be added the interest collections to obtain comparable liquidation to paper. In terms of liquidity this would mean that the loan business could liquidate its receivables within 12 months and still collect its charges; or if the charges were applied to the outstanding receivables and not to expenses, liquidation ratios would be increased at a much faster rate perhaps bringing a liquidation ratio of 8 to 10 months.

Credit Differences

Times sales paper is all collateral paper usually well related to the actual sales value, less adequate down payment. The discount company feels relatively safe during the life of the contract if it can find its collateral and keep it insured. Credits are largely the extension of sums in relationship to collateral values. About 90% of deals offered are cashed.

In contrast, you all know, I am sure, that the personal loan is based in the first instance upon the individual customer's ability to prove that he can repay the loan, that he can continue to earn in the future, that he has character and ability to pay bills and will be the master of his own destiny regardless of collateral values that may or may not be present to secure the personal loan. Selection of risks is entirely in the hands of the loan officer, guided, of course, by the company's credit policy. About 50% to 60% of loan applications result in loans made.

The majority of the loans made in our loan division are secured by automobile or household goods or a combination of both; but we also have a type of loan known as a signature loan wherein credit is extended to individuals who are in certain occupations and who have other family and social characteristics that indicate to the trained loan officer that the personal loan is no greater risk than the loan which is secured by the intangible values of household furniture or an automobile. In fact, one might truly say that the typical small loan is secured largely by the ability and honesty of the American consumer and little else. But no one need depreciate just how great security this is!

Those of you who are familiar with the depressions of '32, '33 and '34 know that the small loan business suffered less even than automobile financing in charge-off losses. The depression of 1938, which so seriously affected auto financing, caused only minor ripples in the delinquency and ultimate loss to the small loan companies.

Over the years it is proven that even during bank holidays the average retailer will pay his loan in cash when banks all over the United States cannot meet their obligations and have closed their doors.

Statistics prove to me that when carefully selected and properly trained, the small loan customer's account is a better asset than the same customer who has credit based on a contract originating in a sale under the pressure of a third party, a dealer salesman.

Collections

Collection methods differ in handling the retail customer, caused by the very nature of the collateral values. The loan man must collect by selling his customer into re-establishing his credit and repaying his loan regardless of modifications in circumstances, since it is a practice of small loan lenders not to repossess collateral. For example, at General Finance in our loan division in the last 9 months we have had an average of 30,000 open loan accounts and in the same period have repossessed less than 150 automobiles—you know the repossession problem present in auto sales during these recent months. Our loan delinquency during this same period is at its lowest point in the history of our company, not exceeding 1.25% to outstandings with delinquency being measured on small loan ratios. Our charge-off during this same period will not exceed 1.00% to outstandings. If charge-off were measured in terms of liquidation as would be defined by a discount company, that is to total payments received by customers, (a total interest and principal collected) we would have a loss ratio to "liquidation" of .7%.

Repossessions are not a collection method that the trained small loan man can use. This is a luxury available to our collateral cousin in the automobile discount business who has the collection lever of immediate repossession; and who must repossess rapidly or be in a position of being faced with losses due to declining used car values. The fluctuations in the used car values largely control the intensity of the collection practice, in many extremes place the discount operator in the used car business.

On the other hand, no small loan company that I know of owns a used furniture store or has enough volume of furniture (or automobiles) to be even remotely interested in studying the current values of beds and dressers and dining room tables. In fact, the small loan industry through its associations has a mutual understanding with each other that no company will repossess furniture from a family that is on relief or destitute, or where a family actually needs the furniture to live together. In the last four years *we have not repos-*

(Continued on Page 11)

Annual Convention of American Finance Conference

About 800 representatives of the time-payment financing business attended the sixteenth annual convention of the American Finance Conference at the Palmer House, Chicago, Tuesday and Wednesday, November 15 and 16. Those in attendance were from the 350 member firms of the Conference.

W. B. McGregor

The convention was featured by a program of splendid addresses, headlined by the Attorney General of the United States; and there was plenty of entertainment for the ladies.

Guest speakers, in addition to J. Howard McGrath, Attorney General, included Gideon Seymour, executive editor of the Minneapolis Star and Tribune, and Dr. Howard R. Bowen, Dean of the College of Commerce and Business Administration, University of Illinois. Mr. McGrath was introduced by Francis P. Matthews, Secretary of the Navy, who was present in Chicago 25 years previously to participate in the founding of the organization which was the predecessor of the American Finance Conference.

Speakers affiliated with the time-financing industry included M. Robert Deo, managing director of the National Automobile Dealers Association; Elmer E. Schmus, vice president, The First National Bank of Chicago; and Thomas W. Rogers, executive vice president of the American Finance Conference.

At the business meeting which concluded the convention sessions, W. B. McGregor, president of the New Hampshire Finance Corporation, Manchester, New Hampshire, was elected president of the Conference, to succeed Ralph R. Kriesel, of St. Paul, Minnesota. Thomas W. Rogers was reelected executive vice president.

In opening the convention, Mr. Rogers reviewed legislation, A.F.C. model bills, FTC trade practice rules, insurance matters, time sales, sound terms, internal operating policies, customers and public relations, and the business outlook. All of these matters, he said, must continue to receive the attention of executives in the sales financing industry.

The Attorney General said that "to free our commerce of unreasonable obstruction is the chief activity which you and I have in common." The effective enforcement of anti-trust laws, he said, is in the interest of the freedom of American business.

"No man or group of men," he said, "own the commerce of the United States. It belongs neither to the buyer nor to the seller. It is not the private preserve of any self-appointed group. The commerce of the nation belongs to the nation. The nation's welfare depends upon protecting its free and unrestrained movement."

Mr. Seymour said excessive secrecy had made it impossible for the United States to have any intelligent, well-grounded national policy on atomic energy. "The danger that we will reveal some basic secret of atomic energy to enemies of the United States," he said, "is not nearly so great as the danger that, by too much secrecy, we will impede our own progress in atomic research and will keep our own people from having the knowledge they need to make wise use of atomic power."

Dean Bowen said the United States is in one of the greatest booms in history, but it is the soberest boom on record. There is less speculation, overbuying and splurging than in previous booms, and this restraint has been an important factor in sustaining the boom.

Mr. Deo said that, to reap maximum benefit in the field of automobile financing, finance companies must (1) offer dealers complete service, including floor planning on both new and used cars, if needed by the dealer, at a competitive rate; (2) offer the dealer a retail plan for new and used cars that will put him in a position to be consistently competitive; and (3) give reasonable consideration on delinquent accounts which can present legitimate excuses, and allow extension of payments in meritorious cases.

Mr. Schmus praised the AFC for its action in recommending to its members minimum down payments, maximum advances and maximum length for the contracts purchased. "These terms," he said, "were reasonable and sound and to the best interests of both the consumer and credit agency, and were also in keeping with general economic conditions."

He said he believed it "most likely that the repossession and loss ratios will show a substantial increase by the end of the year, partly as a result of lower used car prices and partly because some consumers have made purchase commitments which cannot be supported by present incomes. Used car prices, which have declined substantially since a year ago, still point to a lower level.

"In the pre-war period, cars a year old were priced about one-third below original cost; two-year old cars were priced some 40 per cent less. Currently, year-old models are about 15 to 25 per cent below list and two-year old models are priced about 30 per cent less.

Thomas W. Rogers

It seems most likely that the coming months should see prices continue to decline until the pre-war relationship to new car prices has been regained."

•

A workingman's definition of a Depression: "It's a time when me and my kind are out of jobs and would, if we had the dough, be able to afford the things that were too high for us to afford when we had jobs."—*American Freeman.*

Instalment Credit Makes Mass Production Possible

By A. ANTON FRIEDRICH

The author is professor of economics at New York University, a member of the faculty of The Graduate School of Banking, a speaker and writer on economic subjects, and a regular contributor to BANKING, *whose editor has granted us special permission to reprint this article.*

Instalment credit is one of the major economic developments, perhaps the outstanding financial development of our times. Is this an exaggeration? I do not think so. Consider the scope of its uses and its rapid extension within the past 25 years.

Since the end of the war, the number of houses erected, sold, bought, and paid for will run into the millions. The larger part of these have been financed by mortgages which amortize monthly; in other words, by long-term instalment credits. In 1949, 5-million or so new automobiles and several more million used cars will have passed into the hands of consumers. Of these, perhaps half will have been financed by instalment sales credits. The refrigerators, electric ranges and dish washers, deep freeze units, and the many other household appliances, radio and television sets will have a 1949 unit sales volume running into the many millions. Of these, an appreciable percentage will have ownership transferred on the promise of the consumer to make regular monthly payments after the purchase. The personal financial needs of large numbers of individuals and families, medical, hospital, and dental care, refinancing of existing obligations, taxes, assistance to relatives, travel and vacation, will have been provided for by instalment cash loans.

Productive Uses, Also

Instalment credit is not limited to the fields of home mortgage and consumer credit. It has its productive uses also. Instalment loans are used by farmers to buy tractors, trucks, harvesting and the many other machines which are the instruments of modern-day mechanized agriculture; by small manufacturers to acquire machines and other capital assets; by merchants to modernize their stores with new equipment and facilities.

A measure of the dollar importance of the varied uses of instalment credit runs into the uncertainties of statistical reporting and classification. In the class of consumer credits, there are many loans to small producers and a part of the total of commercial and agricultural credits consists of instalment loans. It is safe, however, to suggest that the total of outstandings, including all items of instalment lending, would run to well over $50-billion. In the field of bank operations, instalment lending including personal finance, sales credit, home mortgage financing, and producer loans, would equal and perhaps exceed in amount all other credits.

Human and Social Terms

If instalment credit is measured in human and social terms, there is no other form of credit which touches the lives of more people, more directly, and with more immediate impact upon the standard of living. "Instalment credit is people" as one writer puts it. That instalment credit is people not only creates problems of organization, administration, and costs peculiar to it but also invests it with general social importance. As the promissory note is the financial instrument of commercial enterprise, so is the instalment loan the financial instrument of the "common man," if I may use that much-abused term. It gives the many millions of "ordinary" people access to the facilities of banks; it gives banks access to them, and both are important.

If Wishes Were Horses

The economy of the United States is rich, immensely rich, in the luxuries, conveniences, and comforts embodied in those goods we lump together in the prosaic classification of "consumer durables." The productiveness of our economy is expressed not only in the jet fighter planes which fly faster than sound but also and more significantly in the electrically operated coffee makers which brew coffee "according to your taste" just before you awake in the morning, or the electric range which cooks a meal in regulated time and temperature while the housewife spends the afternoon at the movies or playing eighteen holes of golf in a local tournament. Moreover, the numerous mechanical gadgets of luxury and convenience are not precious items reserved for a privileged few. They have a wide distribution among the population so that today they are regarded as articles of common use.

Reciprocal Relationship

This abundance of consumer wealth is usually and quite properly ascribed to the benefits of mass production. It is true, of course, that it is the economies of modern industry in the use of human energy and materials which make it possible to produce in great quantities intricate mechanical contrivances on terms within the means of large numbers of people. But it is also true, and the relationship is a dual and reciprocal one, that if the great mass of consumers did not have at hand the means of buying, these miracles of mass production might not have occurred at all. Mass production can develop and survive only if there is also mass distribution.

The mass distribution of articles the unit price of which is relatively high raises a problem quite different from that which exists in the case of goods with low unit prices. In this latter case, the accumulation of a purchase price is quite a simple matter, requiring perhaps the earnings of only a few minutes' work. The purchase price of a refrigerator or automobile may require the accumulation in one lump sum of an amount equal to months and years of savings. There are two ways in which this may be done: (1) by saving before buying; (2) by borrowing, and saving after buying.

Incentive to Save

Mathematically and theoretically, the two financial procedures could work out to the same end result. One can imagine a highly self-disciplined, thrifty community of consumers who would save as much before buying their automobiles as consumers in the flesh now do after the purchase of a car. But practically and psychologically the two processes would not work out to the same result at all. Saving before buying calls for a highly disciplined nature combined with a vivid imagination. The saver must offset the ever pressing enticements of present if fleeting enjoyments against the imagined future, and uncertain benefits of the ultimate purchase; and it is likely that, for a great many of us, present enjoyments would win out. In the case of an instalment purchase, on the other hand, the incentive to save is much stronger. The immediate enjoyments of the new refrigerator or range nourish and sustain with their own concrete reality the disposition to save.

Almost a Miracle

Instalment borrowing and saving has almost accomplished the miracle of turning wishes into horses, not that beggars might ride, but that millions of people might enjoy durable consumer goods which otherwise might have re-

(Continued on Page 16)

Who Discovered America?

By WILLIAM SAMBROT

The law should be followed to the letter, you know. And yet, as you look down from the judicial bench at this small, bent old woman, twisting her work-scarred hands in an agony of wordlessness, you reach your decision. . . .

The tall examiner from the immigration service stands negligently alongside the old woman, his lips twitching slightly as he questions her for your benefit.

"Who discovered America?"

She swallows, stares up at you speechlessly, and in fright. She clutches her faded old purse harder and whispers, "George Washington?"

The examiner raises his eyebrows, and you glance down at the papers on your desk to hide your annoyance. Give the old woman credit, you think. At least she's trying . . . .

She knows the answer was wrong, and now her eyes are even more wretched; too bright. You notice how the loose ends of her hair shine in the reflected sunlight. Behind her, stretching the length of the wall, the Stars and Stripes hang tiredly.

"Forty years she's lived here," the examiner is saying to you, "and she still thinks Washington discovered America."

Forty years. You look at the lined face, the worn-down shoes. Forty years in which to acquire that stoop; those hands; to etch those lines so deeply. Forty years in the little back rooms, in the dingy basement rooms—but still, to her, it's America. A free country. Everyone has a chance. Today a pauper, tomorrow—who knows?

"Washington discovered America." Is she so far wrong? The fierce pride; the unquenchable flame of liberty—is this not America? Was it not Washington who poured the molten metal into the mold that is free America?

"Please, Judge," she whispers to you. "I'm no speak so well." You look into those eyes, seeing the tears of struggle, and you feel shame. Shame that there should be even the slightest bit of doubt.

"What country bounds the United States on the north?"

Will the fool examiner never stop? Leave her alone. Can't he see she's frightened? Frightened when she should be proud; proud and at peace. She should walk with her head up, secure in the knowledge that she is America, as much as the tall buildings; as much as the swift trains and the giant dams. With her scarred hand, her lined face, she is America. Let her alone. She should be proud.

"California," she whispers, tremulously, and the examiner looks at you and lifts his shoulders. Hopeless, he implies.

You look at the examiner's neat tie, shined shoes, his intelligent eyes. He, too, is America. Successful America. Blind America. Selfish, uncaring America. You see, his eyes tell you, this little shabby, ignorant old lady, who thinks Washington discovered America and who says that the United States is bounded on the north by California, this person, who after forty years is still unable to read or write English, most certainly will never do.

She fumbles at her purse, and then the worn hands are extending something toward you. A sheet of paper. Creased and worn and stained. You know what it is before you open it to read the tragic words: ". . . 1944 . . . we regret to inform you . . . your son . . . died heroically in action. . . ."

To you, a federal judge in the Department of Immigration, it is a constantly recurring story They ask only one thing, these old people, in return for their sons and their sacrifices. They ask only one thing—the right to look at all they survey and say aloud, "I belong. I am a part of America."

You look at the tall examiner and you say, "There is no need for further examination." You look past the faded old woman, knowing that her eyes are on yours, hardly daring to hope. You look at the tired old flag behind her and you think, why should I, a mere man, have the power to hurt or to make happy such as she? You look down at the old face and you take a deep breath, so that your voice won't tremble too much—after all, you are a judge—but you suspect that though your voice is controlled, your eyes are telling her, already, for her face suddenly is a wonderful, shining thing to behold.

"Citizenship granted," you tell the old lady. —*The Kiwanis Magazine.*

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Figures complied by the National Industrial Conference Board show that 67% of the population, or 99 million individuals, in the U. S. had no experience with the '29 market crash and that 52.5%, or 77 million individuals, had no adult experience in a world of peace. —ROBERT H. FETRIDGE, *N. Y. Times.*

Proposed Increase in Postage Rates

There is now pending in Congress H.R. 2945 and S. 1103 which would increase postage rates on various types of mail. This legislation, if passed, would raise the postage rate on advertising material sent by Third Class Bulk Mail from $10.00 per thousand to $15.00 per thousand, which is a 50% increase. All firms which send advertising material through the mails by way of third class bulk mail are vitally interested in this proposed legislation. Those who oppose this increase contend that:

1. It will reduce rather than increase the postal revenues since the volume of third class mail will be reduced.

2. The response to a solicitation by third class mail results in a substantial flow of first class mail which is profitable to the Post Office Department. Therefore, legislation which reduces third class volume will also curtail first class volume.

3. The Post Office Department is a service institution the same as any other government department, bureau or agency. Therefore, no attempt should be made to put that department on a pay-as-you-go basis. It plays a more important part in social, economic and educational life of the nation than any other government department. To do this it is necessary for it to maintain thousands of third and fourth class post offices and routes, the costs of which exceed the revenue earned from their operation.

4. Before any legislation increasing postal rates is enacted, there should be a very careful study made of the post office department to establish what is the actual cost of handling the mail as recommended by the Hoover report.

5. The opponents of this legislation also contend that the present rate on third class bulk mail is justified since the person mailing the material uses precancelled or permit envelopes, faces each letter, sorts the letters by states, cities, and, if necessary, by zones, ties the letters into bundles for easier handling and delivers them to the local post office. So far as the originating post office is concerned, therefore, the mailer has performed for bulk third class mail virtually all of the work required of the post office for other classes of mail.

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Recently, when one of Al Reed's customers was asked how business was, he replied: "Business is just swell. It is at least 20 to 25% better than next year." One might call him an optimistic pessimist.—*Nashua Cavalier,* Nashua Gummed & Coated Paper Co.

Personalities

L. Kirts Osborne, Jr.

L. Kirts Osborne, Jr., is an example of second generation success in the consumer finance business. Lewis K. Osborne of Columbus, Ohio, long known throughout the country as one of the founders and long-time president of Capital Finance Corporation and as a past president of National Consumer Finance Association, looks with pride upon his three sons in their own business. L. Kirts Osborne, Jr., as president, Lloyd Osborne as vice president and director, and C. Bruce Osborne, treasurer and director, make up the official family of Modern Finance Company with headquarters in Columbus, Ohio.

The Modern Finance Company, operating seven consumer finance offices in six Ohio cities, has recently issued from its executive offices in Columbus figures indicating that it has a story well worth telling to men and women in the financial field.

In September of 1942, L. Kirts Osborne, Jr., took over the direction of Modern Finance Company. In a short time his two brothers, Lloyd and C. Bruce, joined him in executive capacities. When the Osbornes took control of Modern Finance the company had 1,710 customer loans aggregating $267,290.00. By December 31, 1948, the number of customer loans had increased to 5,156 and the amount of loans to $1,165,959.00.

Since the original purchase in 1942, which included offices in Columbus, Xenia and Portsmouth, Modern Finance has established offices in Barnesville, Greenfield, Coshocton, and a second Columbus office. In addition, Modern purchased the accounts receivable

(Continued on Page 16)

TWENTY Years Ago in the *News*

Personal Finance News, January 1930

National Officers, 1929-1930:

President, Albert P. Snite; Vice President, T. M. Kaufman; Executive Vice President, W. Frank Persons; Treasurer, T. J. Harrison; Secretary, Edgar F. Fowler

THE TREND OF OUR AFFAIRS

The American Association of Personal Finance Companies is not a new organization even though it has a new name, a new constitution, a new form of organization, a new headquarters, a new budget, and a new staff. It is the creature and servant of the same membership.

Its history is one of notable achievement, marked by the foresight of its founders and the loyalty and cooperation of all those who have guided its course. Its constant progress will be built most securely upon the continuing purposes and ideals of the past. The present staff needs and constantly will seek the aid and assistance of all members in order that the usefulness of the Association may be enhanced.

* * *

Membership signifies more than mere contribution to the Association's budgetary requirements. It is a manifestation of interest in common problems and of purpose to achieve common aims—demonstrating the power inherent in this business to shape its own destiny. United effort will assure that the trend of our affairs shall be within our own control.

It is with this conception that the national chairman of the membership committee and the associated chairmen of the state campaigns have entered upon their efforts to increase by half the present representation of the business in the Association. The energy with which they have approached this effort leaves no doubt of their success. In their task they deserve, and in gratifying degree are receiving, the unwavering support and encouragement of present members in all parts of the country.

* * *

The new headquarters have been established in Washington, D. C. To extend a welcome to members is unnecessary. These are *your* headquarters.

THE 1930 BUDGET

With the unanimous concurrence of the Board of Directors in the recommendations of the Executive Committee, the budget of the American Association of Personal Finance Companies for 1930 has been fixed at $125,000. The 1929 rate of dues remains unchanged, one dollar per thousand of average loan balance outstanding during the year 1929.

A Glance at What They Are Doing

Dr. Katsuji Kato, center, professor of hematology and director of college clinics at Tokyo Medical College and national director of the Japanese National Red Cross society blood program, learns of the Lansing Regional Blood Center program from Marvin S. Dale, left, center director, and Joseph R. Gwinn, right, chairman of the blood program. Dr. Kato, a graduate of Kalamazoo College and Rush Medical College in Chicago, has spent a major part of his life in this country returning to Japan in 1942. He served as professor of pediatrics at the University of Chicago for 12 years before returning to his homeland where he became a member of the Nippon Medical College faculty. His five-months' visit in the United States and Canada, sponsored by the American National Red Cross, is to gather data to introduce a blood donor program in Japan.

Mr. Gwinn is president of the Peoples Finance Service, Inc. and a member of the Board of Directors of the National Association.

William A. Lyon of Brooklyn, New York, has been named by Governor Dewey to succeed Elliott V. Bell as Superintendent of Banks of the State of New York, effective January 1, 1950. Mr. Lyon has been associated with the New York State Banking Department since January, 1943 serving as assistant to the Superintendent of Banks from that time until 1947 when he was appointed First Deputy Superintendent.

Douglas R. Gerow, president of the United Finance Company, Portland, and past president of the Oregon Association of Small Loan Companies, has been elected president of the East Side Commercial Club.

The Indiana Association of Instalment Credit Companies, Inc., co-sponsored a series of lectures and conferences at four Indiana colleges and universities during the week of November 28, 1949.

A convocation on consumer credit was held at the University of Notre Dame in South Bend on Monday, November 28 under the auspices of the College of Commerce. Prof. L. H. Eells, head of the Department of Finance, was chairman of the convocation. Dr. Ernst A. Dauer, director of consumer credit studies, Household Finance Corporation, and Thomas W. Rogers, executive vice president, the American Finance Conference, addressed the convocation, Dr. Dauer lecturing on "Consumer Credit—Yesterday and Today" and Mr. Rogers on "Instalment Sales Financing in America."

On November 29, Dr. Dauer lectured to two classes at Ball State Teachers College in Muncie. These lectures were sponsored by Dr. Forrest L. Mayer, of the Department of Business Education.

The following day, Dr. Dauer lectured on consumer credit at a convocation at Butler University in Indianapolis. This convocation was arranged by Dean Herbert C. Graebner, of the College of Business Administration.

On December 1, Dr. Dauer delivered the lectures at a consumer credit conference at Indiana State Teachers College in Terre Haute. The theme of the conference was "Consumer Credit and its Impact on the General Economy." This conference has been arranged by Dr. Paul F. Muse, Chairman of the Commerce Department at Indiana State. At 11:00 A.M. Dr. Dauer lectured on "The Miracle of North America" in the formal lounge of the Student Union Building. At 1:00 P.M. he lectured on "Consumer Credit—Yesterday and Today" in the Fine Arts and Commerce Building. At 7:30 Dr. Dauer addressed an evening meeting in the formal lounge of the Student Union on "Consumer Credit—Yesterday and Today."

Hal Wagner, advertising manager of Local Loan Company, Chicago, will be the luncheon speaker when the American Association of Nurserymen hold their national convention in Chicago on January 16, 1950.

Edwin L. Boynton has been elected a member of the Board of Directors of Security Finance Company, Inc., New York, and its affiliated companies. Mr. Boynton is general supervisor of the firm.

The Aetna Finance Company held a four-day conference of the executive and supervision staffs in St. Louis, Missouri, home office of the company, October 14 through 17, 1949.

In addition to prepared papers on various phases of the company's operations, those attending were given a report of the national convention by Harry A. Collinger, president, and Charles H. Yalem, chairman of the board, who had represented Aetna at the convention in Los Angeles in September.

Louis Durfee, manager of the Limerick Finance Corporation at Mt. Carmel, was host to several teachers for the Business-Industry-Education Day, explaining to them the consumer finance business, history of his company, and showing the film, *Every Seventh Family*. They were also guests of the company for luncheon.

Other local firms had other teachers as their guests for the day. No more than one teacher from each school was guest of the same business or industrial house.

Following is a letter from one of the teachers who visited the Limerick office:

"Dear Mr. Durfee:

"I wish to thank you very much for the kind hospitality during the Business-Industry-Education Day in Mt. Carmel.

"While I had a very general knowledge of your firm's business, many important items were greatly cleared up for me as a result of our conference.

"I can now appreciate more thoroughly the service your company is rendering the public than I could before our meeting. Therefore, I feel that the conference was a very worth-while project.

"Thanking you again for your very fine interest and hospitality, I am,

"Yours respectfully,

"George H. Price,

"Teacher."

Mt. Carmel's Business-Industry-Education Day was the first program of its kind to be held in Wabash County, and the second in the State of Illinois. It was patterned after a similar event held in New Britain, Connecticut.

Mr. Durfee stated that the day was a big success and the same type program is being considered for a future date.

L. G. Lemaster, manager of the Charleston Finance Company, Charleston, West Virginia, has been elected president of the Kiwanis Club there. Mr. Lemaster was unopposed in the election and received a unanimous vote—reflecting the high regard in which he is held by his fellow Kiwanians.

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People will gamble on anything. Now they're beginning to save money, on the chance that it may again be valuable some day.—Olin Miller, Atlanta Journal.

Similarities and Differencies in Personal Loan and Discount Operations

(Continued from Page 5)

sessed one single set of household goods, and this would cover a liquidation of more than 150,000 loans!

Management Control

Discount business presents a management control problem of several rapidly and widely different varying factors. Great flexibility in management policies and procedures is necessary to meet the special problems and changing circumstances of the dealer and the manufacturer. In contrast, the loan business is the essence of simplicity and standardization. Standard practices have been developed for presenting payments, accepting applications, interviewing applicants, examining credit backgrounds, and even the collection procedure outlines a standard procedure with interviews for delinquents. These procedures, while complicated and complex in theory, are reduced to simplicity for daily practice.

The uniform accounting practices of the small loan industry guided by state regulations make uniform reporting and studies from one company to the total business done in the state an easy matter. In contrast, the discount companies are not in a similar state of organization and association; and, therefore, must obtain comparative information by other unorganized and less simplified and standardized methods.

Personnel Differences

The two businesses require different types of personnel. The discount man is primarily a sales promotion individual supported by a clerical operating staff who are trained to handle business originating from 10 to 20 dealers as sources of volume. The leaders of operating branches in the discount business are primarily sales-promotion personalities.

The small loan manager, who also must have some sales ability, must primarily be a judge of credit and character, a capable interviewer, an estimator of facts, and have a keen analytical mind to evaluate the sources of information as well as the ability to make many individual decisions regarding the loan transactions as well as the collection steps necessary to liquidate the loan.

These personnel differences on the surface may not seem important, but they are such that to obtain the most from your personnel, I believe you will find, as we have, that your loan men require an entirely different method of supervision and followup from your home office than do your discount-sales personalities. In fact, one of the major problems is to find the formula to mix the two operations into one unified performance.

Public Relations

Public relations differences of the two industries are pronounced. The small loan business operates in the straightjacket of state regulation. Probably no other business at any time, even during wartime is under stricter regulation and more honest and thorough examination than the small loan business. By mutual cooperation and agreement as well as actual legislative decree, small loan licensees are audited and checked with as much care by the state as are most banks. This has resulted in many heartaches and in many misunderstandings, all of which the loan companies and our good friends the examiners have lived through for many years for the ultimate betterment of the industry, and, most of all, for the benefit of our retail customer.

These regulations have forced many of the differences observed above as well as others unreported in this brief paper; but those of us who have grown up with the state regulations welcome them and encourage the continuation of such close supervision—the end result is an improved public relations for the benefit of the company and the public—but the small loan companies in my opinion have gained the most in spite of the fact that the regulations really are severe.

Summary

The small loan business is a simple business—one where the public interest is controlled by state regulation. It is one of the few businesses where a complete inventory of assets is available at the end of each day. Your money is either in the bank or in the vaults in the form of notes and mortgages, which incidentally are worth 120% to 125%. Your investments are safe; your loss ratios can be determined to be adequate in relationship to years of performance so that you can know with safety that your investment will come back to you with interest income. . . . A business backed up by America's biggest asset—the character, honesty and the ability of the American citizen to earn and repay!

In contrast to a discount business where you must be a constant student of not only your own business but many businesses as exemplified by this round table forum and discussion, one can see the great difference between these two operations. Today the sales and finance executive must be a student of at least five businesses. First, the automobile manufacturing business and its ultimate production which so truly affects collateral values with either over abundance or scarcity of production; second, dealer sales and management problems including the possible construction of dealer display rooms and wholesale floor plan investments; third, used car sales lots problems in disposing of repossessions; fourth, insurance company and management problems to adequately protect the collateral values; fifth, the operations of one's own finance company adjusting with great flexibility one's own interest and principles to fit the peculiar circumstances of dealer relationships.

Both are good businesses! Money can be made by prudent management in either; but before going into a personal loan business, a discount management should clearly recognize that the loan business is another business—a complete and complex individual branch of consumer financing requiring its own special skills, techniques, and operating patterns.

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1949-1950 Roster

Have you ordered your copy? If not, send for it today. The price is $1.25 per copy. Send your order to: National Consumer Finance Association, 315 Bowen Building, Washington 5, D. C.

State Association Activities

California

W. P. Rucklos, of Rucklos and Company, Pasadena, was elected president of the California Loan and Finance Association at its Ninth Annual Meeting, held November 2 and 3 at the Ambassador Hotel, Los Angeles.

W. P. Rucklos

Mr. Rucklos succeeds M. L. Goeglein, vice president of the Pacific Finance Corporation, Los Angeles, who presided at the two-day meeting, hailed by officials of the association as "one of the finest and most rewarding meetings we've ever had."

Highlight of the gathering was a three-hour afternoon panel discussion on Thursday, November 3, on *Operating and Legal Problems.* Delegates heard from Thomas V. Maloney, registrar of the Department of Motor Vehicles, John A. Metzler, deputy commissioner of corporations, and industry lawyers L. J. Styskal and George R. Richter, Jr. In view of the recent enactment of a number of vitally important new laws affecting the loan and finance business, this session proved to be the most worthwhile discussion from a licensee standpoint. Many puzzling questions about chattel mortgages, registration slips, rates on loans, and legal involvement were answered by the experts and the session was acclaimed by all present as the feature event of the day.

"Television is now a Billion Dollar Baby," said Harold J. Bock, western network manager of television of the National Broadcasting Company. Bock spoke at the annual luncheon and related many interesting and eye-opening facts about the newest communication medium. He revealed that, "in only three short years, close to one-half as much money has been invested in television as has been invested in the entire motion picture industry in all the years it has been in existence.

"Most American industries have changed very little in the past 12 months. But, the number of television sets, the number of television stations, and the number of families served by television has more than doubled in that time."

At the morning session, state assemblyman Bruce V. Reagan, from Pasadena, enlightened the delegates with a factual, up to the minute account of the current business situation. "Instalment buying has reached a point where Americans are more in debt on personal loans than ever before in history, but due to the tremendous increase in income, the percentage of indebtedness is actually less than in 1940," he declared.

"As of last August, Americans owned more than 16½ billion dollars on personal instalment purchases," Reagan said. "This figure is 52% higher than in 1939. The per capita debt on personal loans is $112. However, the public seems to be more concerned with the $1750 per capita obligation on the national debt. No one seems particularly worried about our consumer debt picture and the end does not appear to be in sight."

Approximately 175 delegates spent the morning listening to Mr. Reagan, reports from the president and executive secretary Arthur W. White. Also, a panel discussion on industry public relations was a feature of this session. George D. Nickel, of Arcadia, chairman of the Public Relations Committee, piloted this panel and gave an over-all picture of the association's current long range public relations program. Details of this program and a progress report were related by Public Relations Director Robert B. Wolcott, Jr. To give delegates a practical example of good public relations, the meeting heard from John P. McMullen, of Chico, who told the group how he and his company achieved notable results in their efforts to become part of the community and merit high public regard.

Other officers elected besides the president were: southern vice president, R. O. Siemon; northern vice president, William H. Wood; secretary, George D. Nickel; treasurer, B. J. Miller; executive secretary, Arthur W. White; and director of public relations, Robert B. Wolcott, Jr.

Indiana

The Indiana Association of Installment Credit Companies, Inc., deviated from precedent in shortening its 3rd annual meeting and convention, at the Claypool Hotel in Indianapolis, November 10 and 11, 1949, to one night and one full day. The result was a convention that moved fast, provided enjoyable relaxation at the FOOD N' FUN FEST in the Riley Room on the evening of November 10, and attracted a record attendance at the morning, luncheon and afternoon sessions on November 11.

At the buffet dinner on the first evening "Ernie" Zehe of Consolidated Finance Corporation, Indianapolis, took over as master of ceremonies and quickly got his audience into the spirit of the occasion with community singing. Dancers from the Arthur Murray Studios demonstrated the latest ballroom routines and Ruth Ann Hamilton, daughter of the executive secretary and Mrs. Hamilton, was in good voice with her vocal selections. Walter Jackson's orchestra provided excellent music for dancing.

The annual meeting was called to order at 10:00 A.M., November 11 by President Richard E. Meier. Members stood in silence for a few moments in respect to the memory of James I. Edson of National Discount Corporation, South Bend, a member of our Board of Directors whose death occurred on October 18. President Meier then reviewed progress of the association during the year and commented on its accomplishments in the fields of education and public relations, emphasizing that the program has been carried on within budget appropriations. He discussed association objectives and reviewed actions of the Board of Directors and of the Executive Committee during the year. Mr. Meier then announced the Nominating Committee designated by the Executive Committee to nominate 7 members for election to the Board of Directors.

The report of Treasurer Paul A. Han-

cock revealed that the association was in good financial position, with expenditures during the year kept within the budget. Executive Secretary R. C. Hamilton reviewed association activities during the year, reported in detail on public relations contacts throughout the state and described the educational program which is being carried on in the colleges and public school systems. He referred to the association's purpose of encouraging research in the field of business through provision of the graduate fellowship in the School of Business at Indiana University, awarded to John W. Bowyer, Jr. of Peru.

Chairman Leo M. Gardner made an enlightening report for the Legal Affairs Committee, reviewing legislation affecting the consumer finance business, interpreting court decisions and legislative trends, referring to the developing and social concept of consumer installment credit and commenting on the probable enactment of a Consumer Credit Code.

Victor H. Payne as chairman of the Liaison Committee reported on conferences with representatives of the Automobile Dealers' Association during the year for the discussion of problems in which we have a mutual interest.

Chairman Thomas J. Umphrey reported for the Auditing Committee that the accounting records of the association were in order.

Chairman Robert B. Money of the Membership Committee reported a membership of 141 business members operating 350 individual offices as of November 11, 1949 as compared with 129 business members operating 320 individual offices on November 9, 1948, the date of our last annual meeting.

Chairman Struby, on behalf of the Nominating Committee, then placed in nomination the names of the following individuals to serve as Directors of the association for a term of 3 years from November 11:

P. E. Allen—Allen and Steen Acceptance Company, Terre Haute.

Morris Blumberg — M. Blumberg Company, Terre Haute.

W. A. Driver—Lincoln Finance Company, Inc., Kokomo.

James R. Emshwiller—Franklin Security Company, Inc., Hartford City.

Fred L. Mahaffey—Consolidated Finance Corporation, Indianapolis.

Leon J. Ingram—Capital Finance Corporation, Columbus, Ohio.

George O. Nichols—Public Loan Company, Terre Haute.

There being no other nominations these members were elected to the Board by unanimous vote, and the annual meeting was adjourned at 11:00 A.M.

Supervisor Thomas H. Cougill of the Consumer Credit Division, Department of Financial Institutions was then introduced by President Meier and discussed questions with which the Consumer Credit Division had concerned itself during the year. Mr. Cougill referred to the harmony that existed between licensees and the Department and mentioned that there had been far more occasions to compliment than to criticize. He mentioned again that Indiana had been a pioneer in the enactment of enlightened consumer credit legislation that surrounded the public with adequate safeguards, and recommended that we make this fact more generally known.

Seldom have we gotten as much practical information and sound guidance from an address as we did from the talk which followed, by David B. Lichtenstein, vice president, American Investment Company of Illinois, St. Louis, Mo., entitled "Executive Operating Guidance." Excerpts from his talk are printed elsewhere in this issue.

The luncheon at noon November 11 was attended by 225 members and guests. A. J. Sieloff presided and the invocation was delivered by the Rt. Rev. Henry F. Dugan, chancellor of the Catholic Archdiocese of Indianapolis. Music by the Alma VanVactor Trio made the luncheon more enjoyable.

Captain A. A. Nichoson, assistant to the vice president, The Texas Company, New York, in his address "The Business Man and Tomorrow's World," presented a stirring challenge to action in order to preserve the American theory of progress through individual enterprise. Captain Nichoson's plea that we recapture the spirit of our forefathers in achieving security through our own efforts, and that business be granted the right to progress without unnecessary restraints, coupled with his machine gun delivery, made a deep impression on the audience.

The presiding officer at the afternoon session on November 11 was Robert W. Riggs of Family Finance, Inc., Indianapolis. Mr. Riggs announced that the session would be devoted to two panel discussions, one on "Installment Cash Lending" and the other on "Time Sales Financing."

The moderator for the forum on "Installment Cash Lending" was Walter C. Mooney of Beacon Finance Corporation, Evansville and the panel members and subjects were:

William L. Schloss, Indianapolis Morris Plan Corporation, Indianapolis, "Investigation of Loan Applications"

Delbert E. Lord, Franklin Security Company, Inc., Hartford City, "Lender-Borrower Relations"

Robert L. Wells, Local Finance Corporation, Anderson, "Avoiding Delinquency by Proper Making of Loans"

C. E. Clift, American Loan Company, Indianapolis, "Sound Collection Policies and Methods"

Ross A. Stewart, Welfare Loan Society, Liberty, "How Do You Handle Requests for the $15.00 to $30.00 Loan?"

J. D. Crabtree, Posey County Loan Company, Mt. Vernon, "Is It Feasible to Sell the Customer More

Money When He Makes a Payment; If So, How Best Done?"

Marvin L. Miller of the American Security Company, Bedford, served as moderator for the forum discussion on "Time Sales Financing" with the following panel members and subjects:

W. H. Moyer, Boonville Security Corporation, Boonville, "A Closer Look at the Credit"

G. L. Rindflish, Universal C.I.T. Credit Corporation, Indianapolis, "Safeguarding Floor Plan Investments"

T. O. Schnabel, Consumers Finance Corporation, South Bend, "Wholesale vs. Retail"

Al. H. Randall, Randall Investment Company, Fort Wayne, "Financing Pre-War Cars a Major Problem"

Ed. L. Haymond, Muncie Finance Company, Muncie, "Controlling Post-War Terms"

Lawrence Hudson, Mutual Security, Inc., Portland, "The Sale of Repossessions and the Pursuit of Deficiency"

Keyed down to the practical operating level and expressing the views of members based on actual experience, these panel discussions provided a wealth of useful information to the membership.

Following a résumé of the various sessions by the executive secretary and a request for suggestions from the membership for the guidance of future program committees in arranging programs, the 3rd annual convention adjourned at 5:00 P.M.

The officers of the association for the ensuing year, elected in accordance with provisions of the By-Laws by the Board of Directors at its meeting at the close of the annual convention on November 11, 1949, are as follows: president, A. J. Sieloff; vice president, J. R. Latchaw; vice president, Victor H. Payne; vice president, George O. Nichols; treasurer, Paul A. Hancock; secretary, Fred Carroll.

Oregon

The 13th annual meeting of the Oregon Association of Small Loan Companies was held at the Multnomah Hotel, Portland on November 11 and was considered to be the best of any annual meeting held thus far.

There was an attendance of some 225 members and friends at the evening banquet and those who participated in the program did an outstanding job.

The meeting began with a breakfast and Board of Directors meeting at 9:00 A.M.

At 12:30 P.M. the business meeting began with President P. A. Weeg presiding. All officers and chairmen of standing committees made comprehensive reports on their activities for the past year. The new Board of Directors elected for the ensuing year is as follows: C. E. Benfeldt, F. E. Calkins, Douglas Gerow, E. M. Lindberg, S. L. Stark, F. P. Spencer, Manley Treece, E C. Taggart, C. Henry Nelson, R. E. Vester, P. A. Weeg.

Immediately after the business meeting the new Board held its first meeting and elected the following officers: P. A. Weeg, Local Loan Co., Portland, was reelected president; S. L. Stark, Oregon Finance Co., Medford, vice president; C. E. Benfeldt, State Loan Co., Portland, secretary-treasurer; and Dean F. Bryson was re-appointed executive secretary.

The afternoon program consisted of three round table discussions. Round table No. 1 had for its theme "Building New Business," round table No. 2 "Credits and Collections" and round table No. 3 was a "Law Forum." All those participating in the afternoon program did an outstanding job and from the interest evidenced by the questions asked from the floor it appeared the members wish more of the same at their coming meetings.

Martha Ferguson McKeown, noted Hood River authoress of "The Trail Led North" gave an interesting address after the annual banquet. Her message was of particular interest to native Oregonians and natives of the Pacific Northwest since it dealt with the founding of the Salmon Canneries at Astoria, Oregon and the gold rush in Alaska in the early 1890's.

The day's program was concluded with an informal dance for members and guests in the grand ballroom of the Multnomah Hotel.

Pennsylvania

The Pennsylvania Consumer Finance Association held its 35th Annual Meeting at the Benjamin Franklin Hotel, Philadelphia, November 9, 1949. Many of the three hundred who attended one or another of the daytime sessions could not remain for the banquet, but 644 were on hand for the evening festivities.

The membership business meeting was the first thing on the program of the big day of the year. No roll call was taken, but the fact that 300 were present for the luncheon would indicate the largest attendance in the thirty-five-year history of the association. That was to be expected, however, with the count of members at an all-time high.

Passing over the roll call and reading of minutes, the first matter of importance was President Frank C. Hallowell's message, reviewing association activities during his term.

First Vice President Haupt reported on his activities in helping to organize the grass-roots district plan in the western part of the state.

Second Vice President Avery stated that the secretary's report would speak for the Membership Committee, of which he had been chairman.

The Executive Committee, Public Relations Committee, and executive vice president, to avoid duplication of what President Hallowell had to say, submitted no reports.

Secretary G. J. Sexton submitted a written report stating that all members had paid dues in full for the year 1949.

The report showed that there are 102 company interests with 390 offices having membership in the association.

The following officers were elected for the ensuing year: Elmer H. Haupt, president; Robert Avery, first vice president; George J. Sexton, second vice president; Alfred G. Hittinger, secretary; and Harold L. Buck, treasurer.

T. N. Burke was made chairman of the Executive Committee. Mr. Haupt becomes chairman of the Board of Directors and, ex-officio, a member of all committees.

The annual business meeting was then adjourned.

One of the major objectives of the association is a strong public relations front. That can be achieved only when every person in every member office understands and believes in the small loan business enough to discuss it intelligently and without embarrassment in any company. The Program Committee had invited Marlin E. Lerch to give a demonstration of how to meet all comers, and answer their inquiries and criticisms of the business. The subject for the hour was "Training Loan Office Personnel for Public Relations Contacts."

Mr. Lerch had invited W. W. Gerhard and Harry W. Gibson to share in the forum. After he and Mr. Gerhard had given a typical interview between the loan man and an "outsider," general discussion followed, led by Mr. Gibson.

First Vice President Elmer H. Haupt called the luncheon meeting to order, invited Reverend Roy E. Grace, D.D., to lead in the invocation, and then introduced Charles H. Watts as toastmaster.

The association has never had, certainly not in recent years, so large a number of distinguished guests at an annual meeting. More members of the legislature and state officials than ever before had accepted the opportunity to meet association people and learn more about the business. A goodly number came for the luncheon, where the Honorable David R. Perry was guest speaker. No subject had been announced and it was assumed that perhaps Mr. Perry would discuss current events, which he can do so ably. Instead, however, he surprised everyone by giving a very scholarly talk on the historical background of money-lending.

Mr. Watts introduced many distinguished guests, including members of the Pennsylvania Legislature and other state officials. He made special mention, as he introduced I. L. Brisbin, of his having been recently elected to the presidency of the National Consumer Finance Association. Another very welcome guest at the luncheon was Paul L. Selby, executive vice president of the National Association.

One of the features on the day's program which was presented at the afternoon session most eagerly awaited was the debate between Harold L. Buck and T. N. Burke on the type of lenders' exchange that would be of the most long-run benefit to the small loan industry. Mr. Buck championed the cause of the "Open, or Unlimited, Exchange," while Mr. Burke presented the case for a "Limited Exchange."

Six hundred and forty-four members, personnel and friends, enjoyed a delightful evening at the banquet and dance.

Washington

The Washington State Consumer Finance Association held its sectional meeting in Spokane on October 22, 1949 at the Davenport Hotel. The meeting was preceded by a meeting of the Board of Directors in Spokane on Friday, October 21. Much credit must go to Mr. Troupe of the Globe Finance in Spokane, Mr. Cummings of Mutual Loan, and Mr. Gonyou of the Power Loan Company, both of Spokane for the fine meeting which they arranged. The meeting began officially at 1:00 P.M. on Saturday, with registration. Following this the meeting was called to order by President Harry Crutcher who introduced the association's vice president, Al M. Constans, who presided during the business session and membership forum. Mr. Constans did a splendid job of conducting these two meetings as well as presiding at the evening banquet.

A very complete report was given regarding the activities of the Trade Practices Committee covering the usual subject of advertising and the special subjects of non-licensee violators of the State Small Loan Act and the newspaper classification for small loan company classified advertisements. In this connection it was requested that any licensee having ideas for possible improvement of their classified ad headings should communicate them *promptly* to the chairman of the Trade Practices Committee, Ray Cowen.

Len Lockett of the Better Loan Company, Seattle, reported as chairman of the Public Relations Committee on his committee's activities in placing copies of the moving pictures, *Every Seventh Family* and *Who Gets the Credit*, in public libraries and university film libraries. Following the routine business, an amendment to the association's By-laws was acted upon. The subject of the amendment was the changing of the name of your association from its former name, Washington State Association of Small Loan Companies to its present name, Washington State Consumer Finance Association. After a spirited discussion, the balloting resulted in a majority vote in favor of the amendment's adoption.

Following adjournment of the business meeting, Joe Hurley conducted an interesting and informative discussion on the subject of bankruptcy and related problems. Material obtained from the National Association through the courtesy of Bryan Purteet was distributed to those present, covering the subject of bankruptcy. Mr. Hurley has an unusual gift in that he can make explanations of complicated legal problems clearly understood by average laymen and his necessarily condensed coverage of the bankruptcy problem was no exception.

The afternoon session was followed by a social hour and then by the banquet. Honored guests at the banquet at which Vice President Al Constans presided, were Supervisor of Banking J. C. Minshull and Mrs. Minshull; former State Senator Don Miller and Mrs. Miller; former State Senator Orndorff and Mrs. Orndorff; and Ray E. Vester, who is a member of the National Association Executive Committee, Board of Directors, and past president of the National Association. Following an excellent dinner, Mr. Minshull was introduced and responded with a brief, but cordial greeting. All present particularly appreciated the presence of Mr. and Mrs. Minshull at the meeting, since they had interrupted a trip south on business in order to be present.

The evening was concluded by the showing of the industry films, *Every Seventh Family* and *Who Gets the Credit*, and dancing.

Wayne E. Otis

Wayne E. Otis, a former president of the Michigan Consumer Finance Association, died in Boston on December 11, 1949 while in that city on a business trip.

During the many years that Mr. Otis was associated with the consumer finance business he served as manager as well as secretary-treasurer of the Citizens Loan and Investment Corporation of Lansing, Michigan. He served with the American Red Cross for a time during World War II.

Thinking is the one thing in the world upon which no one has ever been able to put a tax or tariff.—C. F. KETTERING.

At the Turn of the Year

(Continued from Page 2)

ord. When the statistics are available we predict that they will show that these companies extended loans to nearly ten million families, amounting to more than one billion, six hundred million dollars. Outstanding balances at the year-end probably neared nine hundred million dollars, another all-time record.

The National Association is in a strong position in the industry, with its largest membership and a vigorous program. The *Consumer Finance News*, the Model Consumer Finance Act, the public relations program, splendid conventions, a stream of publications including a new compilation of consumer finance laws now in preparation, national consumer credit conferences, and a moving picture portrayal of the business reaching twelve to fifteen million people across the country are but some of the activities of this thriving trade association which have come to fruition in this first half of the Twentieth Century.

But the best measure of progress is the ever-widening scope of acceptance of the consumer finance business by an informed public. Consumer finance has become an institution more widely known and more favorably accepted today than ever before. The instalment loan on fair terms has proved a boon to the householder—a wise solution to the consumer credit problem which seemed so hopeless at the turn of the century. The American wage earner has proved himself worthy of trust; his self-discipline in meeting payment obligations has strengthened character and self-respect; his recognized integrity is a mark of good citizenship. This finance service fits the pattern of his living.

Into this field, so ably pioneered by consumer finance companies, have come the commercial banks, credit unions, and other lending institutions with extended finance services to borrowers. The competition in the next half century will be challenging. Economists, educators, welfare people and social thinkers are studying and appraising the trends. The public is accepting the thesis that instalment loans perform a useful and necessary function in the social and economic structure.

For the time being, Regulation W is behind us, personal incomes are high, general business prospects are good. Consumer finance is a needed and necessary service. Maturity and experience and know-how are now valued assets in this business. We look forward with confidence to the last half of the century.

Personalities

(Continued from Page 9)

of the Gra-Bell Finance Company of Columbus.

At a recent meeting of the board of directors, plans were formulated for the establishment of two or three new offices during 1949 or the forepart of 1950.

In the fall of 1948, Modern moved into its new building at 75-81 East Gay Street, Columbus, establishing its executive offices on the second floor and its downtown branch (the company's largest) on street level. The building is air conditioned throughout. All new steel furniture and modern office equipment was installed in the executive offices and the branch.

During 1948 and the forepart of 1949, Modern's other branch offices were remodeled and re-equipped adequately to care for steadily increasing business.

In his earlier years, Kirts distinguished himself in athletics, but his most avid interest was music under the capable leadership of his mother, Maude Osborne, herself a well-known soprano and leader in musical circles. Even today Kirts will be found in most musical performances of the Young Business Men's Club and in Shrine organizations.

Kirts and his attractive wife, a daughter and son, reside in suburban Upper Arlington where they are well-known in civic and social activities. And not to be overlooked is his election to the board of directors of Capital Finance Corporation at its meeting in November of 1949.

Instalment Credit Makes Mass Production Possible

(Continued from Page 7)

mained mere wishes and unfulfilled expectations.

This is speculation, of course. Historically, the fact is that the development of the technique of mass production of durable goods by industry was accompanied by a development of instalment credit as a means of mass financing. To the extent that mass distribution of high unit-price consumer goods is a necessary condition of the achievement of the economies of mass production so instalment financing is a necessary condition of mass distribution.

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Pope Pius XII: "The only genuine guarantee of peace is to be sought not in force but in the soul of a nation, that is to say, in the inner life of its people."

Every Seventh Family

The non-theatrical exchanges for booking *Every Seventh Family* have announced the following change of addresses:

New York Exchange,
Modern Talking Picture Service, Inc.,
45 Rockefeller Plaza,
New York 20, New York.

Mr. C. W. Mauck,
Modern Talking Picture Service,
543 North Illinois Street,
Indianapolis 4, Indiana.

New York Appoints Executive

Richard O. Wiesner

The New York State Consumer Finance Association has announced the establishment of an executive office at 160 Broadway, New York 7, N. Y. and the appointment of Richard O. Wiesner as executive vice president and counsel.

Referring to this move as "the natural outgrowth of experience developed within the business over the years," Mr. W. A. Bean, chairman of the Executive Committee, adds, "This is a further step in the broad plan of the industry to develop a specialized expanded program of activity to promote the welfare and progress of the consumer finance business in New York State."

Richard O. Wiesner has been named executive vice president and counsel for the New York State Consumer Finance Association. He has already begun his new duties at the association offices in New York City.

Dick Wiesner was born in 1907, received his early schooling in Wheeling, West Virginia, and was graduated from Rutgers University in 1933. Thereafter, he attended Brooklyn Law School and was admitted to the New York Bar in 1937.

In 1940 Dick Wiesner became an associate in the law offices of Jackson R. Collins, representing Beneficial Industrial Loan Corporation and its affiliates, and rapidly won wide recognition during the war years in the consumer finance field for his authoritative articles and addresses on Regulation W, the Soldiers' and Sailors' Civil Relief Act and related subjects. He was also the co-author, with Mr. Collins, of the book "New York Small Loan Law, Annotated," published in 1945 under the auspices of the New York State Association of Small Loan Companies. This book was a natural outgrowth of his activity in numerous cases in New York involving important questions of law pertaining to the small loan statute.

Beginning in 1948 he was able to further broaden his field of finance experience by serving as house counsel for American Business Credit Corporation of New York City, an organization engaged in commercial financing activities.

Dick Wiesner lives with his wife and three children in Maplewood, New Jersey.

Indiana's Supervisor

A supervisor whose administrative policies reflect the knowledge gained from 17 years of practical experience in the consumer finance business is Thomas H. Cougill, Supervisor of Small Loans and Consumer Credit in the Indiana Department of Financial Institutions.

A native of Randolph County, Indiana, Mr. Cougill graduated from Indiana University, where he majored in Economics, in 1922. While in college he was a member of Reserve Officers Training Corps and Sigma Alpha Epsilon fraternity. After graduation the lure of the southwest beckoned, and for 3 years he was principal of the high school in Lordsburg, New Mexico. Coming to Muncie, Indiana in September, 1925 he became associated with Muncie Finance Company and acquired a variety of experience in instalment lending and sales financing, eventually advancing to the position of vice president and treasurer of the company.

A member of the reserves, Mr. Cougill enlisted for active military service in August, 1942 with the Army Air Force at Miami Beach, Florida. By the time of his honorable discharge in January, 1947 he had advanced to the rank of Lieutenant Colonel. His abilities were utilized for the most part during his period of service in the field of personnel administration. At present he is a member of the organized U. S. Air Force Reserve, holding the rank of Lieutenant Colonel.

He was appointed supervisor of the Division of Small Loans and Consumer Credit of the Indiana Department of Financial Institutions on August 15th, 1947. In this capacity he supervises the business done by all licensees under the Indiana Small Loan Act, the Retail Instalment Sales Act and the Industrial Loan and Investment Act, assisted by a staff of 8 field examiners. As supervisor of the Consumer Credit Division, Mr. Cougill holds to the philosophy that it is his obligation to enforce the law, and his privilege to exhort licensees to observe it, thereby to maintain an equality of position between the customer or borrower and the licensee.

His thorough knowledge of the principles and purposes of consumer instalment finance, familiarity with applicable laws and regulations, quick grasp of problems confronting the licensee and his fairness as an administrator have won for him the respect and confidence of the industry in Indiana.

Mr. Cougill is a member of the Presbyterian Church, the Masonic Order, the American Legion and the Reserve Officers Association.

The Cougill family includes Mrs. Cougill, a married daughter, Mrs. Reese M. Williams who lives in Muncie, and a son Tom, now a senior in Muncie Burris High School.

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Sen. Paul Douglas, of Illinois: "To be a liberal one does not have to be a wastrel."

Best Wishes

for a

Happy and Prosperous

New Year

From

The Washington Staff.